

Meeting:	General overview and scrutiny committee
Meeting date:	8 March 2016
Title of report:	Marches local enterprise partnership (LEP)
Report by:	Economic development manager

Classification

Open

Key Decision

This is not an executive decision.

Wards Affected

Countywide

Purpose

To receive an update on activity of the Marches LEP in Herefordshire.

Recommendation

THAT:

- (a) **the committee identify any recommendations to be made to the LEP board and the LEP joint committee to secure improvements in delivery.**

Alternative options

- 1 Not applicable

Reasons for recommendations

- 2 To highlight some of the detailed operational background and activities of the LEP and seek the views of the committee on any additional actions to secure improvement.

Key considerations

Background

- 3 The Marches LEP was in the first tranche of partnerships approved by the government in 2010, there are now 39 LEPs across the UK, each tasked with driving economic growth in their region.
- 4 The LEP is an informal, business sector led private/public sector partnership, tasked with creating the conditions for economic vitality and sustainable employment across this diverse region.
5. The work of the LEP is directed by a board which provides the strategic lead and is responsible for setting the overall strategy for growth including:
 - a. the development of its strategic economic plan priorities; oversight and endorsement of strategic projects;
 - b. and monitoring of expenditure and output performance for the programme of work.
6. The board is chaired by one of the area's business leaders and board members are drawn from the areas' three business boards, the skills sector, business champions from across the LEP area, and the leaders of the three unitary councils. Appendix 1 includes a diagram showing the current structure of the LEP board.
7. As an informal partnership the LEP is not a legal entity. One of the three councils (Shropshire) acts as accountable body for the operation of the LEP and any public funding which the LEP secures for the Marches area. The LEP operates in accordance with an accountability and assurance framework developed in compliance with national guidance, which sets out key practised and standards in managing growth in the Marches and which is available on the LEP website (www.marcheslep.org.uk).

Governance

8. Nationally there is an expectation that the involvement and engagement of the relevant local authorities, and in accordance with their community leadership role, will ensure there remains democratic accountability around decision-making regarding use of public funds.
9. To ensure that this is delivered in the most efficient way possible the LEP established an executive joint committee to which each of the three council executives delegated authority to take decisions regarding strategic economic policy for the LEP area, and

use of public funding to support those priorities.

10. To provide some balance to the overall workload across the three authorities, Herefordshire Council act as 'host' for this joint committee and provide relevant governance support to its decision making.
11. Decisions of the joint committee are subject to scrutiny in the usual way and for part of the regular report on executive activity from the leader to Council. The LEP is required to produce an annual report for the three participating councils and it is anticipated the first annual report will be considered by the joint committee at its meeting in April.

Strategic economic plan

12. The LEP's strategic economic plan (SEP) sets out how the partnership intends to make its vision of delivering economic growth, jobs and housing a reality and demonstrates how both central government funding and European Union funding can be targeted to help drive growth.
13. The SEP sets out priorities for addressing areas of business need. These range from infrastructure including transport and broadband, education and skills investment and access to small business finance.
14. In addition the SEP forms the basis of the LEP's deal with central government, as it transfers some of its decision making power to the regions and allows both the private and public sector in this area a bigger say on how government and European money is spent.
15. The LEP are currently involved in a refresh of the SEP and are reviewing the economic and business evidence base, this will ultimately result in a revised and updated SEP.

Growth deal and priority projects

16. Growth deals provide funds from government to LEPs for projects that benefit the local area and economy. Funds from housing, infrastructure and other departmental sources are brought together in a single pot, successful projects were chosen by government from the priorities included within each LEP's SEP.
17. Through the first round of growth deals the LEP managed to secure £75.3m, of this amount Herefordshire was successful in being allocated £43m towards the city centre transport package and the South Wye transport package. In addition, some £355,200 has been allocated, from the skills capital funds within the first round of growth deal, to Herefordshire & Ludlow College and to Herefordshire Group Training Association to deliver improved training in agricultural engineering and manufacturing engineering skills. A further £1.67m was secured in the second round of growth deal towards the Herefordshire broadband programme.
18. A further round of growth deal funding is expected to be announced within the next few months, as a consequence, in order to provide government with quality project submissions, the LEP have asked local partners to confirm their submissions to the LEP project long list.
19. The council is currently engaged with the LEP and other partners in determining the projects which will be put forward for consideration on the LEP's project long list. The

list of final submissions will be subject to the council's governance process.

Current projects

20. Hereford Enterprise Zone

- a. In 2011 all LEP's were invited to submit proposals for a new round of enterprise zones. Following an internal selection process the Marches LEP determined that the submission that best met the government's selection criteria was a package of vacant employment land within the Rotherwas industrial estate. This submission was successful and part of an initial round of 24 enterprise zones.
- b. Herefordshire Council deliver the project on behalf of the LEP and provide accountable and employing body facilities for the staffing and financial arrangements. The enterprise zone has a governance structure which includes a local committee overseeing day to day operations, and a Marches wide members board responsible for more strategic decisions such as the setting of the enterprise zone delivery plan.
- c. As of the end of December 2015 the enterprise zone had sold 15.5 acres of land, attracted 9 businesses onto the zone who had built 12,000 sqm of new workspace, leading to 584 job opportunities in investment commitments made on site, of which 254 jobs had been created directly and were working on site.

21. Redundant building grant

- a. The Marches LEP redundant building grant scheme (RBG) was launched in 2012 and has awarded grants in excess of £3m. A further extension of the scheme was awarded by government in 2013 enabling RBG to operate across Worcestershire and increasing the amount of funding available to the Marches.
- b. The grant scheme was established following an award from the government's regional growth fund and was designed to give small businesses and start-ups across the region the opportunity to bid for grants that would bring unused buildings back into productive economic use.
- c. Administered by Herefordshire Council, by the end of the scheme a total of 84 projects have been supported (including 23 start-up businesses) with grants totalling almost £3m and as a result, 513 jobs have, or will be, created and an additional 56 jobs safeguarded. The private sector have matched the RBG finance with £7.425m of their own investment and created or refurbished 36,700 sqm of employment floorspace.
- d. The scheme is now closed for applications but officers are working on an application to the European Regional Development Fund (ERDF) to finance an evolution of the scheme, this would apply across the whole of the Marches.

22. Marches investment fund

- a. The Marches investment fund, is a £8.2m programme aimed at bringing forward development projects across the Marches area by providing capital loan funding for stalled projects that will then be able to quickly start and create economic growth.

- b. It is also able to provide loan assistance to projects needing to complete their final stage feasibility studies. The fund, which has been made possible via an award from the government's growing places fund, is targeted at creating homes and jobs and has supported schemes that deliver these outputs. As a revolving loan fund, this money provides the area with a locally-controlled, an ongoing opportunity to support investors in the Marches area

23. **Marches growth hub**

- a. In partnership with the three local authorities the LEP have created the Marches growth hub as the single access point for business support across the region. The growth hub provides information on finance and funding, networking and events, advice and support, employment and skills in Herefordshire, Shropshire, and Telford & Wrekin. It has been receiving between 1,200 and 1,900 page views per week with more than 12,000 of its business support pages browsed by users since it launched at the end of October. The virtual Hub is supported by physical hubs in Telford, Shrewsbury and Hereford, the Hereford hub having opened on 17 November 2015 at Skylon Park within the University of Wolverhampton's new Business Solutions Centre.

Community impact

24. Social Inclusion forms one of the five Marches SEP strategic priorities, described in the Plan as follows: "We will support socially excluded and marginalised groups by removing barriers to their participation in activities that will improve their economic well-being." The specific focus for the LEP is in assisting people in moving closer to the job market through accessing employment, training or other related services which assist individuals in improving their ability to contribute to their community. In July 2015, a social inclusion champion from the Voluntary & Community sector was appointed to the LEP to assist in ensuring LEP activity is of benefit to local communities and socially excluded groups.
25. LEP projects and programmes, while tending to be of a strategic nature, are developed by public and private sector partners in the light of the available evidence base for business and local community needs. Local Authority officers of the three Council partners provide essential support in ensuring that projects are aligned with local needs and demands.

Equality duty

26. The Marches LEP operates in accordance with an agreed accountability & assurance framework which sets out its key practises and standards and includes the Marches LEP's Equality and Diversity Policy, which was developed in consultation with the three partner councils' officers with responsibility for equality issues. Financial implications

Financial Implications

27. The Marches LEP receives an annual allocation of core funding from the government, this finance is required to be matched from localised sources. An element of the localised match funding comes from staff "in kind" time spent working on LEP

projects, the remainder comes in the form of a cash contribution split on a population pro rata calculation between the three councils. For financial year 2016/17 Herefordshire Council will make a contribution of £28,272 towards the LEP annual budget.

Legal implications

28. There are no legal implications of this report.

Risk management

29. The Marches LEP's performance risk and monitoring committee (PRMC) has responsibility for ongoing monitoring of LEP operational and programme delivery and management risks, reporting to the LEP board on any issues and mitigating actions. The LEP risk register is maintained by the LEP team and considered at each bi-monthly PRMC meeting. A draft scheme of delegation is due to be considered by the joint committee at its meeting on 8 April 2016.
30. This scheme of delegation will enable LEP business to be carried out in a timely manner and enable any issues to be escalated by exception to the LEP board and on to the joint committee where required. Herefordshire Council is able to have input to the management of risks at each 'level', through the PRMC (attended by Herefordshire Council finance officers), the LEP board and at joint committee. In addition to this, senior officers of the council support the day to day running of the LEP through their involvement on the LEP management team.

Consultees

31. Not applicable

Appendices

Appendix 1 – LEP board structure

Background papers

- None identified